

Message Text

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ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-01

TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 DODE-00 PA-01

USIA-06 PRS-01 SS-15 NSC-05 NIC-01 /086 W

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R 171644Z MAR 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 9345

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

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E.O. 11652: N/A

TAGS: ELAB, EC, ETRD

SUBJECT: BENN TALKS ABOUT THE EC, THE ECONOMY, INDUSTRY
HIS OWN AMBITIONS AND OTHER MATTERS

1. SUMMARY: ANTHONY WEDGWOOD BENN, SECRETARY OF STATE
FOR INDUSTRY, BELIEVES THAT PRIME MINISTER HAROLD WILSON
WILL TAKE A CAUTIOUS APPROACH TO THE EC REFERENDUM CAM-
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PAIGN -- WILL "BLOW A SOFT TRUMPET" UNTIL HE SEES HOW THE

POLLS AND THE SPECIAL LABOR PARTY CONFERENCE WILL GO. IN REFERENCE TO THE ECONOMY, THE INDUSTRY SECRETARY SAID THE GOVERNMENT COULD NEITHER ALLOW A HIGH RATE OF UNEMPLOYMENT TO DEVELOP NOR RETURN TO A STATUTORY INCOMES POLICY IN ORDER TO DEAL WITH INFLATION -- LEST IT ENSURE MARGARET THATCHER'S RIDE INTO POWER. HE PARRIED QUESTIONS ABOUT THE GOVERNMENT'S POSSIBLE USE OF IMPORT CONTROLS BY TERMING THE ISSUE "NON-DISCUSSABLE". BENN ALSO DENIED THAT HE WAS NOW SEEKING THE PRIME MINISTERSHIP ALTHOUGH HE DID NOT RULE IT OUT "IN TEN YEARS' TIME" WHEN WILSON STEPS DOWN. THE INDUSTRY SECRETARY MADE THESE AND OTHER POINTS DURING A MEETING WITH LONDON-BASED LABOR ATTACHES ON FRIDAY MARCH 14. END SUMMARY.

2. THE EC SCENARIO: BENN EXPECTS THE CABINET MEETING MONDAY-TUESDAY (MARCH 17-18) TO SUPPORT A RECOMMENDATION THAT BRITAIN REMAIN IN THE COMMUNITY. HE IS COUNTING ON A MINIMUM OF SIX NEGATIVE VOTES (OUT OF A TOTAL OF 23). ON THE OTHER HAND, HE PREDICTED THAT THE NATIONAL EXECUTIVE COMMITTEE OF THE LABOR PARTY, WHICH MEETS WEDNESDAY, MARCH 26, WOULD VOTE 17 TO 12 AGAINST REMAINING IN. THE NEC VOTE, HE WENT ON, IS LIKELY TO BE FOLLOWED BY A RESOLUTION AT THE LABOR PARTY CONFERENCE (WHICH, HE SAID, WOULD TAKE PLACE ON MAY 17 OR BEFORE) OVERWHELMINGLY CALLING FOR BRITAIN'S GETTING OUT OF THE EC. HE WOULD NOT, HOWEVER, SPECULATE WHICH WAY THE REFERENDUM VOTE ITSELF WOULD GO.

3. ASKED WHETHER PRIME MINISTER HAROLD WILSON IS EXPECTED TO "CAMPAIGN ACTIVELY" IN FAVOR OF STAYING IN, BENN REPLIED THAT WILSON WILL TAKE A VERY CAUTIOUS APPROACH AND "WILL BLOW A SOFT TRUMPET," WAITING TO SEE HOW THE OPINION POLLS AND THE LABOR PARTY CONFERENCE WOULD GO. AS FOR MARGARET THATCHER, BENN DECLARED THAT THE OPPOSITION LEADER WAS "DEFINITELY OPPOSED" TO THE EUROPEAN COMMUNITY AND WAS QUITE CONTENT TO SEE TED HEATH OUT IN FRONT ON THIS ISSUE IN THE EVENT THAT THE REFERENDUM RESULTS IN A "STAY-OUT" VOTE. BENN ALSO ALLEGED THAT MRS. THATCHER HAD SCOTCHED A CONSERVATIVE PROPOSAL -- MADE SOMETIME BETWEEN THE FIRST AND SECOND POLL WHICH RESULTED LIMITED OFFICIAL USE

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IN HER ELECTION TO THE OPPOSITION LEADERSHIP -- WHICH WOULD HAVE INVOLVED A CONSTITUENCY-BY-CONSTITUENCY CAMPAIGN IN SUPPORT OF CONTINUED BRITISH MEMBERSHIP. HE CONTEMPTUOUSLY LINKED MRS. THATCHER AND MR. ENOCH POWELL BY SAYING THEY SHARED THE SAME FUNDAMENTAL OUTLOOK (PRESUMABLY NOT ONLY ON THE EC BUT ON OTHER BASIC POLICY MATTERS). (COMMENT: BENN'S COMMENTS ABOUT MRS. THATCHER'S VIEWS ARE NOT SUPPORTED BY EITHER HER PUBLIC STATEMENTS

OR BY WHAT SHE HAS TOLD US.)

4. BENN REITERATED SOME OF HIS WELL-KNOWN ARGUMENTS AGAINST THE COMMUNITY, STRESSING IN PARTICULAR THE SOVEREIGNTY ISSUE. HE CHARGED, FOR EXAMPLE, THAT THE EC COMMISSION HAD VAST POWER TO DETERMINE MATTERS THAT SHOULD ONLY BE DETERMINED BY THE BRITISH PARLIAMENT. HE SAID HE WOULD MUCH PREFER TO SEE BRITAIN "BECOME THE 51ST STATE OF THE UNITED STATES" RATHER THAN BE PART OF THE EUROPEAN COMMUNITY, WHICH HE NOTED "WAS NOT EUROPE AFTER ALL", BECAUSE AT LEAST IN THE FORMER CASE THERE WERE COMMON TIES OF LANGUAGE AND CULTURE. MOREOVER,, IF BRITAIN LEAVES THE COMMUNITY, "WE WILL BE ABLE TO MANAGE, BECAUSE THE REAL PROBLEMS ARE RIGHT HERE IN THIS COUNTRY

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R 171644Z MAR 75

FM AMEMBASSY LONDON

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INFO AMEMBASSY BONN

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AND IT IS THESE WE MUST RESOLVE". (COMMENT: THERE IS A CERTAIN IRONY IN BENN'S PREFERENCE FOR THE UNITED STATES IN VIEW OF HIS PARTICULAR CONCERN ABOUT BRITISH SOVEREIGNTY. MOREOVER, HE AND OTHER STAUNCH ANTI-MARKETEERS WHO ARE DEDICATED BRITISH SOCIALISTS FAIL TO SEE THE CONTRADICTION BETWEEN SOCIALISM'S OFT-PROCLAIMED INTERNATIONAL LIMITED OFFICIAL USE

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NAL OUTLOOK AND THEIR XENOPHOBIC ATTITUDE ABOUT EUROPE.)

5. THE ECONOMY: BENN HAD LITTLE TO OFFER IN THE WAY OF A SOLUTION TO THE CURRENT CRISIS OF INFLATION IN BRITAIN, ACKNOWLEDGING THAT HE DID NOT REALLY KNOW THE ANSWER. HOWEVER, HE COMPLETELY REJECTED A HIGH UNEMPLOYMENT SOLUTION OR RETURN TO STATUTORY INCOMES POLICY AS MEANS OF DEFLATING THE ECONOMY. "WE CAN GET TWO OR THREE MILLIONS UNEMPLOYED" BUT THIS WOULD MOST CERTAINLY ENSURE THE ELECTORAL VICTORY OF MARGARET THATCHER, HE SAID. BUT IF THE GOVERNMENT WOULD NOT COUNTENANCE A HIGH UNEMPLOYMENT RATE NOR RETURN TO STATUTORY CONTROLS, WAS IT POSSIBLY THINKING OF IMPORT CONTROLS, HE WAS ASKED. BENN PARRIED THE QUESTION BY STATING "THAT IS NOT DISCUSSABLE". (HOWEVER, HE DID ENLARGE HIS ANSWER SOMEWHAT THOUGH CRYPTICALLY, BY LIKENING THE SITUATION NOW TO THAT WHICH PREVAILED IN 1964 WHEN THE GOVERNMENT HAD TO REMAIN SILENT, IN THE NATURE OF THINGS, PRIOR TO ITS DEVALUATION OF THE POUND.) (COMMENT: STRONGER INTEREST IN AN IMPORT QUOTA APPROACH APPEARS TO BE DEVELOPING, WITH SUPPORT COMING FROM, AMONG OTHERS, A PRESTIGIOUS CAMBRIDGE ECONOMIC STUDY GROUP, THE TUC AND IMPORTANT ELEMENTS OF THE LABOR PARTY.)

6. INDUSTRY: BENN WAS ASKED "WHAT KIND OF MIX" IN THE ECONOMY DID HE FORESEE IN THE NEAR OR MIDDLE TERM -- OF NATIONALIZED INDUSTRY, A PRIVATE SECTOR, COOPERATIVES, OR OTHER CATEGORIES. HE REPLIED THAT HE WAS MAINLY CONCERNED ABOUT IMPLEMENTING HIS INDUSTRY BILL (THE INDUSTRY BILL, PUBLISHED EARLY FEBRUARY 1975, EXTENDS STATE INVOLVEMENT WITH INDUSTRY THROUGH THE CREATION OF THE NATIONAL ENTERPRISE BOARD AND THE CONCEPT OF PLANNING AGREEMENTS BE-

TWEEN THE GOVERNMENT AND MAJOR FIRMS.) HIS IDEAL (PRE-SUMABLY SOCIALISM) MIGHT NOT BE ACHIEVED FOR A HUNDRED YEARS,HE ADDED. HE ACKNOWLEDGED THAT THE OPPOSITION AND CONFEDERATION OF BRITISH INDUSTRY (CBI) WERE EXTREMELY SUSPICIOUS OF HIM AND BELIEVE THAT HE IS REALLY TRYING TO SOCIALIZE ALL OF INDUSTRY, BUT HE PLACED THEM "LAST" ON HIS LIST OF GROUPS WHOM HE MUST PERSUADE (RE PLACATE). HE SAID THAT WORKERS AND MIDDLE MANAGEMENT -- HIS FIRST PRIORITIES -- WERE COMING TO HIM IN INCREASING NUMBERS, LIMITED OFFICIAL USE

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WITH SYMPATHY AND UNDERSTANDING FOR HIS EFFORTS TO BREATHE LIFE INTO THE COUNTRY'S INDUSTRY. HE REJECTED THE ARGUMENT AGAINST DISCLOSURE OF INFORMATION ABOUT COMPANIES RAISED BY THE CBI AND OTHERS,(AFTER HAVING SUGGESTED EARLIER THAT DISCLOSURE OF INFORMATION MIGHT IN FACT HELP TO DAMPEN DOWN WAGE DEMAND IF THEY GET A FACTUAL VIEW OF A COMPANY'S FINANCIAL PLIGHT). HE REJECTED THE ARGUMENT AGAINST GOVERNMENT INVESTMENT IN THE PROFITABLE SECTOR, EMBODIED IN THE NEW INDUSTRY LEGISLATION, BY ASKING "WHY SHOULD GOVERNMENT CONTINUE ONLY TO PROP UP AILING OR DYING INDUSTRY?" BENN SAID THAT THE GOVERNMENT SHOULD GO INTO THE HEALTHIER SECTOR OF INDUSTRY, PROVIDE THE MEANS OF RAISING PRODUCTIVITY, AND THUS CONTRIBUTE TO A DYNAMIC ECONOMY.

7. "I AM NO STALINIST:" -- BENN SAID THAT IT WAS WRONG

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TO LOOK FOR A FAIR IMPRESSION OF HIM OR HIS PROPOSALS IN
THE BRITISH PRESS. HE EXCLAIMED: "I AM NO STALINIST.
THIS IS A TOTALLY FALSE DESCRIPTION...THEY SAY NOW THAT
I AM FOR WORKERS' CONTROL. STALIN, OR FOR THAT MATTER
HIS SUCCESSORS, WERE NEVER FOR WORKERS' CONTROL...I
AM NOT IN FAVOR OF A YUGOSLAV SOLUTION OR ANY OTHER BUT
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A BRITISH SOLUTION TO OUR PROBLEMS". HE ADDED THAT THE
COMMUNIST PARTY HAD NEVER BEEN ANYTHING BUT A WEAK PARTY
IN BRITAIN BECAUSE THE BRITISH WORKER BELIEVES FIRMLY IN
PARLIAMENTARY DEMOCRACY.

8. FUTURE AMBITIONS: BENN SAID THAT HE HAD SUPPORTED
WILSON IN THE LATTER'S FIGHT WITH HUGH GAITSKELL AND
THAT HE CONTINUES TO SUPPORT WILSON. HE WAS NOT, HE HAS-
TENED TO ADD, USING HIS PRESENT POSITION TO UNDERMINE THE
PRIME MINISTER. IF WILSON WERE TO RETIRE IN TEN YEARS,
THEN HE MIGHT CONSIDER SEEKING THE LEADERSHIP, BUT HE
HAD LEARNED FROM THE BITTER EXPERIENCE OF OTHERS HOW EASY
IT IS FOR AMBITIONS TO DESTROY A MAN. "BESIDES", HE
ADDED, "I REALLY LIKE WHAT I AM DOING".

9. COMMENT: BENN COMES ACROSS IN DIRECT CONVERSATION AS

A PERSON WITH CONSIDERABLE CHARM AND ARTICULATENESS, AL-
THOUGH OBVIOUSLY DETERMINED TO IMPLEMENT HIS ECONOMIC
IDEAS EVEN IF IT MEANS CONFRONTATION WITH INDUSTRY. AT
THE SAME TIME HE IS SENSITIVE TO THE GIBES OF THE PRESS
AND THE OPPOSITION ("I AM NOT A STALINIST") AND DESPITE
HIS DEMURRAL, SOME BELIEVE THAT HE MAY YET CHALLENGE
WILSON FOR LEADERSHIP LONG BEFORE WILSON IS READY TO STEP
DOWN.

RICHARDSON

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Message Attributes

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